

**SB2584**



**99TH GENERAL ASSEMBLY**

**State of Illinois**

**2015 and 2016**

**SB2584**

Introduced 2/16/2016, by Sen. Toi W. Hutchinson

**SYNOPSIS AS INTRODUCED:**

40 ILCS 5/17-116

from Ch. 108 1/2, par. 17-116

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides that, for a person who first becomes a member after the effective date, the service retirement pension shall not commence more than one year prior to the date of the Fund's receipt of an application for the benefit. Effective immediately.

LRB099 17112 EFG 41470 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

**A BILL FOR**

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing  
5 Section 17-116 as follows:

6 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

7 (Text of Section WITHOUT the changes made by P.A. 98-599,  
8 which has been held unconstitutional)

9 Sec. 17-116. Service retirement pension.

10 (a) Each teacher having 20 years of service upon attainment  
11 of age 55, or who thereafter attains age 55 shall be entitled  
12 to a service retirement pension upon or after attainment of age  
13 55; and each teacher in service on or after July 1, 1971, with  
14 5 or more but less than 20 years of service shall be entitled  
15 to receive a service retirement pension upon or after  
16 attainment of age 62.

17 (b) The service retirement pension for a teacher who  
18 retires on or after June 25, 1971, at age 60 or over, shall be  
19 calculated as follows:

20 (1) For creditable service earned before July 1, 1998  
21 that has not been augmented under Section 17-119.1: 1.67%  
22 for each of the first 10 years of service; 1.90% for each  
23 of the next 10 years of service; 2.10% for each year of

1 service in excess of 20 but not exceeding 30; and 2.30% for  
2 each year of service in excess of 30, based upon average  
3 salary as herein defined.

4 (2) For creditable service earned on or after July 1,  
5 1998 by a member who has at least 30 years of creditable  
6 service on July 1, 1998 and who does not elect to augment  
7 service under Section 17-119.1: 2.3% of average salary for  
8 each year of creditable service earned on or after July 1,  
9 1998.

10 (3) For all other creditable service: 2.2% of average  
11 salary for each year of creditable service.

12 (c) When computing such service retirement pensions, the  
13 following conditions shall apply:

14 1. Average salary shall consist of the average annual  
15 rate of salary for the 4 consecutive years of validated  
16 service within the last 10 years of service when such  
17 average annual rate was highest. In the determination of  
18 average salary for retirement allowance purposes, for  
19 members who commenced employment after August 31, 1979,  
20 that part of the salary for any year shall be excluded  
21 which exceeds the annual full-time salary rate for the  
22 preceding year by more than 20%. In the case of a member  
23 who commenced employment before August 31, 1979 and who  
24 receives salary during any year after September 1, 1983  
25 which exceeds the annual full time salary rate for the  
26 preceding year by more than 20%, an Employer and other

1 employers of eligible contributors as defined in Section  
2 17-106 shall pay to the Fund an amount equal to the present  
3 value of the additional service retirement pension  
4 resulting from such excess salary. The present value of the  
5 additional service retirement pension shall be computed by  
6 the Board on the basis of actuarial tables adopted by the  
7 Board. If a member elects to receive a pension from this  
8 Fund provided by Section 20-121, his salary under the State  
9 Universities Retirement System and the Teachers'  
10 Retirement System of the State of Illinois shall be  
11 considered in determining such average salary. Amounts  
12 paid after the effective date of this amendatory Act of  
13 1991 for unused vacation time earned after that effective  
14 date shall not under any circumstances be included in the  
15 calculation of average salary or the annual rate of salary  
16 for the purposes of this Article.

17 2. Proportionate credit shall be given for validated  
18 service of less than one year.

19 3. For retirement at age 60 or over the pension shall  
20 be payable at the full rate.

21 4. For separation from service below age 60 to a  
22 minimum age of 55, the pension shall be discounted at the  
23 rate of 1/2 of one per cent for each month that the age of  
24 the contributor is less than 60, but a teacher may elect to  
25 defer the effective date of pension in order to eliminate  
26 or reduce this discount. This discount shall not be

1 applicable to any participant who has at least 34 years of  
2 service or a retirement pension of at least 74.6% of  
3 average salary on the date the retirement annuity begins.

4 5. No additional pension shall be granted for service  
5 exceeding 45 years. Beginning June 26, 1971 no pension  
6 shall exceed the greater of \$1,500 per month or 75% of  
7 average salary as herein defined.

8 6. Service retirement pensions shall begin on the  
9 effective date of resignation, retirement, the day  
10 following the close of the payroll period for which service  
11 credit was validated, or the time the person resigning or  
12 retiring attains age 55, or on a date elected by the  
13 teacher, whichever shall be latest; provided that, for a  
14 person who first becomes a member after the effective date  
15 of this amendatory Act of the 99th General Assembly, the  
16 benefit shall not commence more than one year prior to the  
17 date of the Fund's receipt of an application for the  
18 benefit.

19 7. A member who is eligible to receive a retirement  
20 pension of at least 74.6% of average salary and will attain  
21 age 55 on or before December 31 during the year which  
22 commences on July 1 shall be deemed to attain age 55 on the  
23 preceding June 1.

24 8. A member retiring after the effective date of this  
25 amendatory Act of 1998 shall receive a pension equal to 75%  
26 of average salary if the member is qualified to receive a

1 retirement pension equal to at least 74.6% of average  
2 salary under this Article or as proportional annuities  
3 under Article 20 of this Code.

4 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

5 Section 99. Effective date. This Act takes effect upon  
6 becoming law.